

907 KAR 1:130. Payments for health insuring organizations and prepaid health plan services.

RELATES TO: KRS 205.520, 205.560

STATUTORY AUTHORITY: KRS 194A.030(2), 194A.050(1), 205.520(3), 42 C.F.R. 447 Subparts B & D, 42 U.S.C. 1396a, b, d, EO 2004-726

NECESSITY, FUNCTION, AND CONFORMITY: EO 2004-726, effective July 9, 2004, reorganized the Cabinet for Health Services and placed the Department for Medicaid Services and the Medicaid Program under the Cabinet for Health and Family Services. The Cabinet for Health and Family Services has responsibility to administer the program of Medical Assistance. KRS 205.520(3) and KRS 205.560 empower the cabinet, by administrative regulation, to designate and limit the scope of medical care which will be provided through the Medicaid Program to Kentucky's indigent citizenry. This administrative regulation sets forth the method for determining amounts payable by the cabinet for covered Medicaid services provided by health insuring organizations (HIO's) and prepaid health plans (PHP's) pursuant to contract between the HIO or PHP and the cabinet.

Section 1. Coverage. The Cabinet for Human Resources shall reimburse a participating health insuring organization (HIO) or prepaid health plan (PHP) for services rendered to eligible Medicaid recipients who are identified to the HIO or PHP by the cabinet and enrolled by the HIO or PHP in its health coverage program. Reimbursement shall be only for those services the HIO or PHP may by administrative regulation provide, and as set forth by contract between the cabinet and the HIO or PHP. No reimbursement shall be made for services rendered to ineligible individuals, or for eligible individuals not properly and appropriately enrolled in the HIO or PHP program of health care. All HIO or PHP subcontracts except those with physicians shall require prior approval by the state. All subcontracts shall provide that the Commonwealth of Kentucky shall not be liable to the subcontractor for its performance under the subcontract.

Section 2. Payment Amounts. (1) The HIO or PHP shall be reimbursed on a capitated basis; capitation may vary by category of assistance, sex and age. The capitation amount(s) shall be based on statistics showing normal utilization and cost for the affected category(ies).

(2) Payments made on the capitation basis shall not exceed the cost of providing the same services (covered by the contract between the HIO or PHP and the cabinet) to a comparable Medicaid population on a fee-for-service basis.

(3) The additional seven (7) days of hospital inpatient coverage, and other uncovered services which may be provided, shall not be considered reimbursable services under the Medicaid Program, and the cost of the services shall not be included when computing the capitation fee.

Section 3. Reports and Data. The HIO or PHP, and all subsidiary providers or subcontractors, shall be required to retain and make available to the cabinet and to the Department of Health and Human Services all records pertaining to service delivery and amounts paid under the contract, and the HIO or PHP shall provide any and all information which the cabinet needs for the administration of the contract. The information shall include utilization data, data relating to payment rates, summaries of complaints, summaries of amounts of third party recoveries, marketing and enrollment material and performance records, and similar or related data which may be necessary to determine the efficiency and effectiveness of this method of health care. (9 Ky.R. 1357; eff. 7-6-1983; Recodified from 904 KAR 1:130, 5-2-1986; 18 Ky.R. 1637; eff. 1-10-1992.)